

Message Text

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ACTION EB-08

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TO SECSTATE WASHDC 6474
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USEEC ALSO FOR EMBASSY

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E.O. 11652: N/A
TAGS: ETRD, UK
SUBJECT: STEEL TRADE PROBLEMS

1. IN MEETING WITH UNDER SECRETARY COOPER MAY 24,
MICHAEL BUTLER, THE SENIOR FOREIGN OFFICE ECONOMIC
OFFICER, SAID BRITISH STEEL CORPORATION IS VERY MUCH
CONCERNED WITH ANTI-DUMPING CASES AGAINST BSC IN U.S.
WHICH HAVE NOT BEEN WITHDRAWN IN SPITE OF THE TRIGGER
PRICE SYSTEM. HE SAID BSC REPORT THEY ARE OBSERVING
THE TRIGGER PRICE RULES BUT ARE NOT GETTING NEW ORDERS
FROM THE US BECAUSE OF THE ANTI-DUMPING CASES. BUTLER
SAID UKG MINISTERS ARE SERIOUSLY CONCERNED. THE BRITISH
VIEW IS THAT AS PART OF THE TRIGGER PRICE BARGAIN
EXPORTS SHOULD NOT BE CUT BACK BY ANTI-DUMPING SUITS.
THEY WOULD LIKE OUR SUPPORT.

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2. COOPER SAID HE WOULD HAVE TO LOOK INTO THE BSC
CASES. HE NOTED THAT THE USG HAS NO POWER TO MAKE
THE COMPLAINANTS WITHDRAW ANTI-DUMPING SUITS; WE
COULD ONLY TRY TO PERSUADE THEM. BUTLER SAID HE
UNDERSTOOD THIS; HE HOPES WE WILL PERSUADE THEM.

3. THE SAME PROBLEMS WERE RAISED IN A SUBSEQUENT

MEETING WITH COOPER BY SIR CHARLES VILLIERS, CHAIRMAN OF BSC, WHO WAS ACCCOMPANIED BY HIS SENIOR SALES EXECUTIVE. THEY CALLED TO COOPER'S ATTENTION BSC-INSPIRED STORIES IN THE LONDON PAPERS OF MAY 24, INDICATING THAT BSC SALES TO THE U.S. WOULD FALL FROM A PROJECTED 750,000 TONS TO 100,000 TONS IN 1978-79 (BUT INDICATED THEIR PRIVATE ESTIMATE WAS FOR SALES OF 200,000 TONS). THEY SUGGESTED VARIOUS WAYS IN WHICH THE ANTI-DUMPING CASES MIGHT BE DEALT WITH: VOLUNTARY WITHDRAWAL; DISMISSAL BY TREASURY; ACCEPTANCE BY THE USG OF PRICE ASSURANCES BY BSC. COOPER SAID HE WOULD LOOK INTO THE MATTER.

4. THE BSC EXECUTIVES ALSO COMPLAINED ABOUT THE OPERATION OF THE TRIGGER PRICE MECHANISM. THE TRIGGER PRICES IN THE GREAT LAKES AREA, THEY SAID, ARE HIGHER THAN DOMESTIC PRODUCER PRICES, MAKING SALES OF FOREIGN STEEL VIRTUALLY IMPOSSIBLE. COOGER NOTED THAT SELLING UNDER THE TRIGGER PRICE WOULD NOT LEAD TO DUMPING DUTIES IF THE INVESTIGATION TRIGGERED BY SUCH SALES DEMONSTRATES THAT DUMPING IS NOT OCCURRING. THE BSC OFFICIALS INDICATED THEY WERE CONSIDERING SOME TEST SHIPMENTS AT PRICES BELOW THE TRIGGER.

5. VILLIERS INDICATED HE THOUGHT BSC HAD BEEN SINGLED OUT FOR SPECIAL ATTACK IN THE U.S. BECAUSE IT IS A
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NATIONALIZED ENTERPRISE. COOPER SAID HE THOUGHT PEOPLE IN THE U.S. HAD BEEN AROUSED, RATHER, BY THE PERCEPTION THAT BSC WAS RUNNING BIG OPERATING LOSSES AND THAT AT THE SAME TIME THE BRITISH GOVERNMENT WAS POURING IN NEW CAPITAL -- WHICH LOOKED LIKE A SUBSIDY. VILLIERS SUGGESTED THAT INSTITUTIONAL INVESTORS IN PRIVATE BRITISH FIRMS MIGHT HAVE BEHAVED SIMILARLY IN LIKE CIRCUMSTANCES. COOPER NOTED THAT FROM THE AMERICAN POINT OF VIEW SUCH EASY ACCESS TO FINANCING BY A FIRM IN BSC'S STAITS SEEMED UNUSUAL, AND THAT THE SOURCE OF THE FINANCING, THE BRITISH GOVERNMENT, HAD RESOURCES THAT WERE HARD FOR PRIVATE ENTERPRISES TO MATCH.

STREATROR

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